

Message Text

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INFO AMCONSUL KARACHI

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TAGS: BEXP, ENRG, TECH, BFOL, PK

SUBJECT: NUCLEAR POWER: CHASHMA PROJECT AND EXIM BANK

REF: CG KARACHI MEMCON WITH DONALD HENRY, ELECTRONIC

ASSOCIATES, INC., MARCH 19, 1975

SUMMARY. THE CHAIRMAN PAKISTAN ATOMIC ENERGY COMMISSION, MUNIR KHAN, DENIES VIGOROUSLY THAT GOP IS EVEN CLOSE TO MAKING AN AWARD DECISION ON THE CHASHMA NUCLEAR POWER PROJECT. HE RECONFIRMED EARLIER INFORMATION THAT A GOP DECISION WOULD NOT BE MADE UNTIL ABOUT DECEMBER OF THIS YEAR. AS HE HAS SAID IN THE PAST, MUNIR KHAN REITERATED THAT AMERICAN EQUIPMENT IS HIGHLY COMPETITIVE IN QUALITY AND PRICE, AND HE STRONGLY URGED THAT EXIM BANK SUPPORT THE AMERICAN BIDS. END SUMMARY.

1. THE REFERENCED MEMCON, COPIES OF WHICH WERE SENT TO STATE AND COMMERCE, REPORTED MR. DONALD HENRY, FAR EAST SALES MANAGER OF ELECTRONIC ASSOCIATES, INC., WEST LONGBRANCH, NEW JERSEY, AS SAYING THAT THE PAEC CHAIRMAN HAD DISCLOSED THAT THE FRENCH WOULD BE AWARDED THE NEW POWER PLANT CONTRACT AND THAT THE DECISION WOULD BE ANNOUNCED IN THE NOT TOO DISTANT FUTURE. MR. HENRY ALLEGED THAT AMERICAN REACTOR MANUFACTURERS HAD NOT BEEN VERY COOPERATIVE.

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2. PROMPTED BY THE ABOVE REPORT, THE ECON/COMM COUNSELOR AND THE SCIENCE OFFICER CALLED ON MUNIR KHAN TODAY TO GET A FRESH READING OF THE SITUATION. WITHOUT MENTIONING ELECTRONIC ASSOCIATES BY NAME, THE ECON/COMM COUNSELOR SAID THAT CG KARACHI HAD PICKED UP A REPORT THAT A FRENCH BIDDER HAD BEEN CHOSEN FOR THE CHASHMA PROJECT AND THAT THE DECISION WOULD BE ANNOUNCED SOON. MUNIR KHAN HOTLY DENIED THE REPORT AND SAID THERE WAS NO FOUNDATION TO IT WHATSOEVER. THE TENDER DOCUMENTS TO BE GIVEN TO BIDDERS WERE NOT EVEN READY. THEY SHOULD BE FINISHED BY JUNE 1, AFTER WHICH THE INVITED BIDDERS WOULD BE GIVEN FOUR MONTHS (BY THE END OF OCTOBER) TO SUBMIT THEIR PROPOSALS. THE GOP AWARD WOULD THEN TAKE PLACE ABOUT THE END OF THIS YEAR, WITH CONSTRUCTION TO BEGIN BY APRIL 1976.

3. MUNIR KHAN STRESSED THAT AMERICAN FIRMS WERE HIGHLY COMPETITIVE IN THIS AREA AND HE HOPED THAT EXIM BANK WOULD BE PREPARED TO SUPPORT THEIR BIDS. HE ESTIMATED THE FOREIGN EXCHANGE COMPONENT OF THE PROJECT TO BE ABOUT \$200 MILLION. AS HE HAS DONE BEFORE, MUNIR KHAN URGED THAT EXIM BANK SEND A REPRESENTATIVE TO ISLAMABAD TO MEET WITH HIM, AND HE OFFERED TO ARRANGE A VISIT TO THE SITE. HE SAID THAT IT WOULD BE IMPORTANT TO KNOW WITHIN THE NEXT FEW MONTHS WHETHER EXIM BANK WAS PREPARED TO HELP. ALTHOUGH THE TARGET DEADLINE FOR RECEIPT OF SUPPLIER BIDS WAS ABOUT THE END OF OCTOBER, HE ANTICIPATED THAT SERIOUS NEGOTIATIONS WOULD IN FACT START WELL BEFORE THEN.

4. COMMENT. THE EMBASSY BELIEVES THAT MUNIR KHAN'S STATEMENT THAT NO DECISION HAS YET BEEN MADE ON THE CHASHMA AWARD IS CORRECT AND THAT A QUALIFIED AMERICAN SUPPLIER HAS AN EXCELLENT CHANCE OF WINNING THE AWARD PROVIDED A FINANCING PACKAGE CAN ALSO BE DEvised. AS REGARDS MR. HENRY, THE EMBASSY SUSPECTS THAT HE MAY HAVE GOTTEN HIS NUCLEAR PROJECTS MIXED UP. WE UNDERSTAND THE GOP IS NEGOTIATING WITH THE FRENCH TO BUILD AN ATOMIC FUEL REPROCESSING PLANT AND THIS MAY HAVE BEEN THE PROJECT WHICH MR. HENRY CONFUSED WITH CHASHMA.
BYROADE

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